

**GOVERNMENT OF INDIA  
PETROLEUM AND NATURAL GAS  
LOK SABHA**

STARRED QUESTION NO:414

ANSWERED ON:03.05.2007

INDEPENDENT REGULATOR IN HYDROCARBON SECTOR

Chowdhury Shri Adhir Ranjan;Nikhil Kumar Shri

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

(a) whether the Union Government proposes to set up an independent regulator for upstream and downstream segments in the Hydrocarbon sector ;

(b) if so, the details thereof ; and

(c) the other steps taken by the Government to regulate the price structure of various petroleum products ?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA )

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE LOK SABHA STARRED QUESTION NO. 414 BY SHRI ADHIR CHOWDHURY AND SHRI NIKHIL KUMAR TO BE ANSWERED ON 3RD MAY, 2007 REGARDING INDEPENDENT REGULATOR IN HYDROCARBON SECTOR.

(a) & (b): Government has no proposal to set up an Independent Regulator for upstream segment in the Hydrocarbon Sector. Upstream segment of Hydrocarbons is regulated by the Government through Directorate General of Hydrocarbons.

However, Government has decided to set up a Petroleum & Natural Gas Regulatory Board (PNGRB) to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas excluding production of crude oil and natural gas so as to protect the interests of consumers and entities engaged in specified activities relating to petroleum, petroleum products and natural gas and to ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of the country and to promote competitive markets and for matters connected therewith or incidental thereto.

The PNGRB Bill, 2006 received the Presidential assent on 31.3.2006 and the PNGRB Act, 2006 was notified in the Gazette of India on 3.4.2006 as Act No. 19 of 2006.

(c ): In order to formulate a long-term pricing policy in respect of petroleum products, the Government had constituted an Inter-Ministerial Committee under the Chairmanship of Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister to examine different aspects of pricing and taxation of petroleum products. The Committee submitted its report on 17.2.2006.

The Government has accepted the following recommendations of Dr. Rangarajan Committee Report :

(i) Implementation of principle of trade parity with reduction in customs duty on petrol and diesel from 10% to 7.5%;

(ii) Permitting autonomous adjustment in prices of sensitive petroleum products by Public Sector Oil Marketing Companies (OMCs) without prior consultation with the Government;

(iii) Restricting, 'in principle', subsidy on PDS Kerosene to Below Poverty Line (BPL) families only.